



Sustainable Development Aspects

Olsen, Karen Holm

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Sustainable Development Aspects

Karen Holm Olsen

kaol@dtu.dk

Twente course on CDM project formulation,
21-22 March 2012

Outline

- Background on CDM's contribution to SD
- The EB 2011 call for inputs
- Overview of the 10 submissions
- Key issues raised
- Recommendations for consideration by the Board

Background on CDM's contribution to SD

Policy and regulation on SD and CDM:

- Article 12 in the KP defines the achievement of SD in developing countries as an equally important objective of the CDM as GHG reductions
- At COP-7 in Marrakech, 2001, DNAs in host countries were designated the responsibility to approve CDM projects according to national definitions of SD. Hence, no international standard for SD exists.
- In the ongoing Policy Dialogue on CDM's future the CDM's contribution to SD is a key issue

The EB 2011 call for inputs

The Board at its sixty-first meeting launched a call for public inputs 3 June – 3 July 2011 seeking inputs on the following issues:

- How to include co-benefits and negative impacts into the documentation of CDM project activities; and
- The role of the different actors and stakeholders in this process

This presentation highlights the recommendations made for consideration by the Board at its sixty-fifth meeting (EB65 before COP-17 in Durban) based on a synthesis of the submissions

Overview of the submissions

The following 10 stakeholders submitted their input:

- Project Developers Forum (PDF)
- International Emissions Trading Association (IETA)
- Institute for Global Environmental Strategies (IGES)
- Gold Standard (GS)
- Wuppertal Institute
- CDM Watch
- Centre for International Environmental Law (CIEL) and Earth Justice
- Global Alliance for Incinerator Alternatives (GAIA)
- Beijing Wenhui Economic Consult Centre
- Regional Sustainable Energy Centre of Excellence.

Aims of the submissions

Three key aims: (5 submissions)

- Enhance the CDM's SD benefits
- Ensure that projects do not cause harm to humans or the environment
- Improve stakeholder participation to ensure accountability, fairness and transparency

Raise the visibility of co-benefits (1 submission)

No changes needed (2 submissions)

Not addressed (2 submissions)

General observations

- There is no internationally accepted definition of SD or an agreed basis for determining whether a specific CDM project activity contributes to SD (UNFCCC study on "Benefits of the CDM 2011")
- Assessment of SD can be done on a project-by-project basis in two ways:
 1. *How* a CDM project contributes to SD – the nature and quality of benefits
 2. *How much* a CDM project contributes to SD – the nature and quantify of benefits

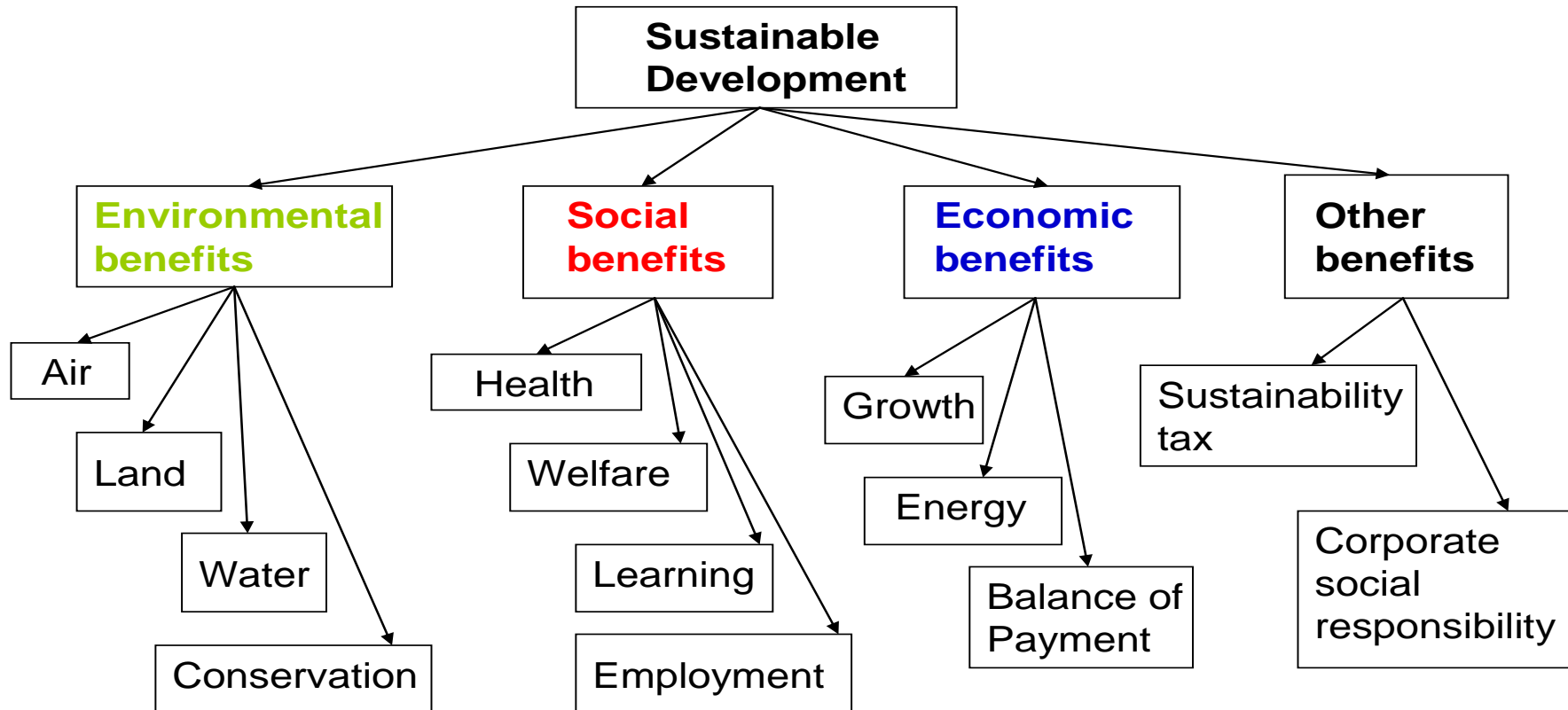
Key issues raised in the submissions

1. Introduce a definition of SD co-benefits based on indicators and do-no-harm safeguards
2. Improved stakeholder involvement at local and global levels
3. Establish a grievance mechanism
4. Declaration, monitoring and verification

Definition of SD co-benefits and do-no-harm safeguards

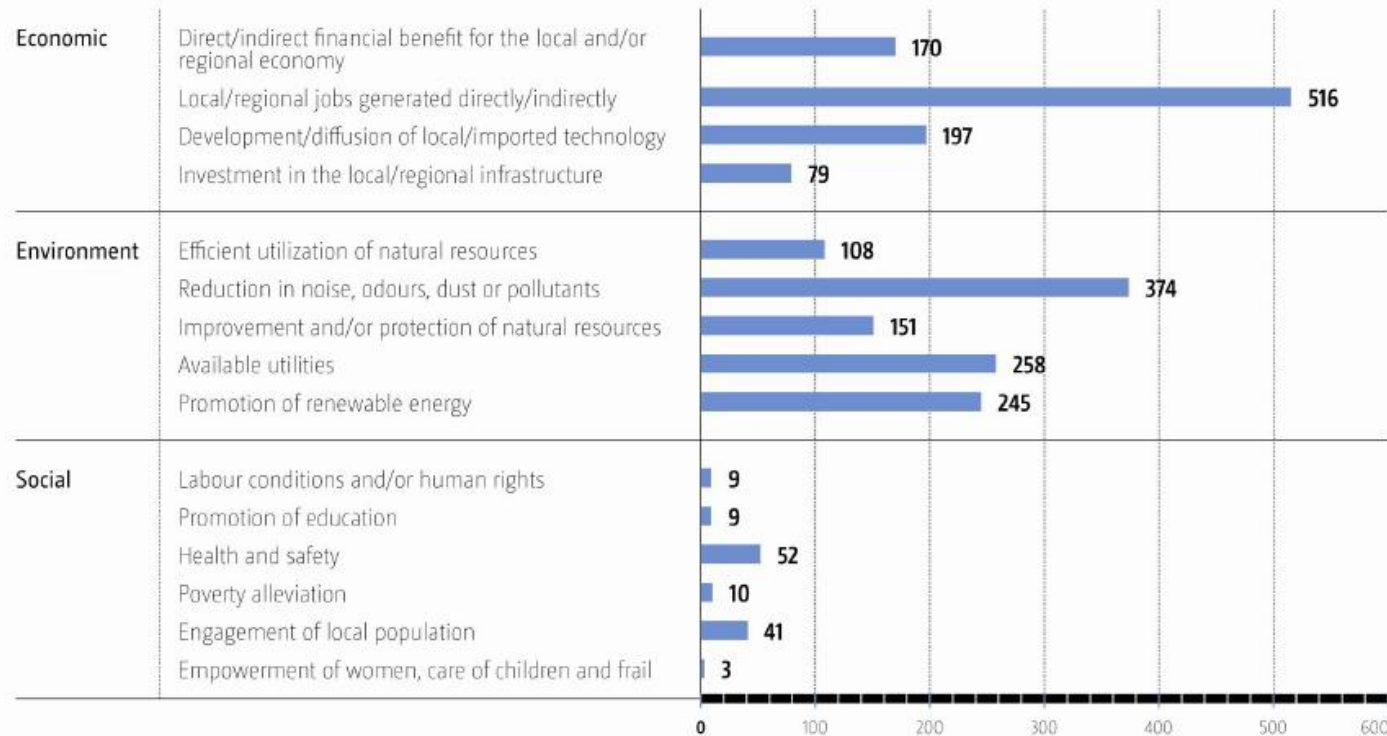
- Generic SD definition based on indicators – see example
- Project-type specific SD indicators; quantitative assessment to be part of methodologies
- Negative list of projects that are unsustainable
- Do-no-harm safeguards – 11 safeguard principles derived from the Millennium Development Goals (MDGs). The MDGs are signed by 189 member states to the UN. Decision 1/CP.16 § 8 states that Parties in all climate actions must respect human rights – see example of safeguard principles.

SD indicators – an example



Source: Olsen & Fenhann, 2008

SD indicators – another example



Source: UNFCCC study on CDM benefits 2011

Safeguarding Principles	
Human Rights	
1	The project respects internationally proclaimed human rights including dignity, cultural property and uniqueness of indigenous people. The project is not complicit in Human Rights abuses.
2	The project does not involve and is not complicit in involuntary resettlement.
3	The project does not involve and is not complicit in the alteration, damage or removal of any critical cultural heritage.
Labour Standards	
4	The project respects the employees' freedom of association and their right to collective bargaining and is not complicit in restrictions of these freedoms and rights
5	The project does not involve and is not complicit in any form of forced or compulsory labour.
6	The project does not employ and is not complicit in any form of child labour.
7	The project does not involve and is not complicit in any form of discrimination based on gender, race, religion, sexual orientation or any other basis.
8	The project provides workers with a safe and healthy work environment and is not complicit in exposing workers to unsafe or unhealthy work environments
Environmental Protection	
9	The project takes a precautionary approach in regard to environmental challenges and is not complicit in practices contrary to the precautionary principle. This principle can be defined ²³ as: "When an activity raises threats of harm to human health or the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically."
10	The project does not involve and is not complicit in significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value or (d) recognised as protected by traditional local communities
Anti-corruption	
11	The project respects the employees' freedom of association and their right to collective bargaining and is not complicit in restrictions of these freedoms and rights The project does not involve and is not complicit in corruption.

Source: Submission from Gold Standard 2011

Stakeholder involvement

Local level: - introduce international requirements in two steps

1. First stakeholder consultation at design stage
2. Stakeholder feedback round; 60 days of commenting and use of local language

Global level: - focus on access to documents and ability to comment

- Increase comment period to 60 days
- Better online access and notification of time-frames

Grievance mechanism

An opportunity for affected stakeholders to raise complaints about negative impacts of CDM projects in a three step process:

1. Alert **DOE** – to withhold verification until grievance is solved
2. Alert **DNA** – to take action under national laws until grievance is solved
3. Alert **EB** – to suspend issuance of CERs until grievance is solved

Declaration, monitoring and verification

Proposals typically adopt *an integrated approach* including stakeholder involvement and third party assessment:

1. Compliance with SD benefits and safeguards to be monitored and reported as follows: PPs to develop a SD and safeguard monitoring plan as part of the PDD including; indicators, how to monitor and address possible negative impacts. A monitoring report is written.
2. Verification of compliance with SD claims and safeguards by DOE
3. Final determination of whether a project contributes to SD is left to the DNA of the host country

Recommendations to be considered by EB

- Prepare for consideration by the EB a list of SD criteria and safeguards as a tool to assist PP to describe the project co-benefits in the PDD
- Recommend improvements to CDM procedures for stakeholder involvement at local and global levels and outline a means to address grievances
- Prepare reporting and verification standards to monitor and verify claims made in the PDD for the consideration by the Board